



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

August 19, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:  
HARBOR-UCLA MEDICAL CENTER  
SURGERY/EMERGENCY REPLACEMENT PROJECT  
AUTHORIZE REQUEST FOR PROPOSALS  
SPECS. 5110 AND 6779; C.P. 69220  
(SECOND DISTRICT) (3 VOTES)**

**SUBJECT**

These actions will allow the release of the Request for Proposals to the prequalified design-build entities for the Harbor-UCLA Medical Center Surgery/Emergency Replacement project.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and authorize the Acting Director of Public Works or his designee to issue the Request for Proposals to the prequalified design-build entities for the Harbor-UCLA Medical Center Surgery/Emergency Replacement project, and delegate authority to the Acting Director of Public Works or his designee to make changes or revisions to the Request for Proposals and related contract and scoping documents.
2. Delegate authority to the Acting Director of Public Works or his designee to execute a consultant services agreement for a not to exceed fee of \$150,000, with each of the qualifying proposers not selected as the design-builder for the project, enabling the County to use all design and construction ideas and concepts included within their proposals.

*"To Enrich Lives Through Effective And Caring Service"*

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First District

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MICHAEL D. ANTONOVICH  
Fifth District

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will initiate the Request for Proposals (RFP) process leading to the determination of the best value design-build entity for the design and construction of the Harbor-UCLA Medical Center Surgery/Emergency Replacement project (S/E Replacement project).

### **Background**

In June 2008, your Board approved three design-build entities as meeting the prequalification criteria for the S/E Replacement project and we informed your Board that we would return to request authority to release an RFP to these three entities. The three design-build entities are:

- Clark Design/Build of California - RBB Architects (Rochlin, Balbona, and Baran);
- Hensel Phelps Construction Co. - KMD Architects (Kaplan, McLaughlin, and Diaz); and
- McCarthy Building Companies, Inc. - HMC Architects (Harnish, Morgan, and Causey).

The recommended evaluation and selection process has been developed to maximize the County's ability to utilize a more collaborative approach for project delivery, including providing benefits, such as reducing project cost, expediting project completion, or providing design features not achievable through a design-bid-build process.

### **Request for Proposals Process**

Prequalified firms will be invited to participate in a best value selection process that the County will utilize to evaluate and select the successful design-build entity, as detailed in the RFP (Attachment B). Prequalified design-build entities will review the RFP documents and develop proposals responding to the requirements of the RFP.

The RFP entails a three-step process to determine the best value proposer. The first step, individual meetings with each design-build entity, will allow the County and the proposing teams to discuss their concepts and innovations for the project design and delivery.

The second step will require each design-build entity to submit a preliminary proposal, which will include responses to technical requirements and confirmation of whether the proposer anticipates being able to deliver the project within the County's target contract price of \$182 million.

The final step in the RFP process includes the submission of a three-part final proposal comprised of a technical submittal, a price proposal, and target price solutions. The target price solutions element of the RFP requires the design-build entities to propose adjustments or enhancements to the project's scope for a proposed final cost that is at or near the County's target price. The requirement for target price solutions increases the potential that the RFP process may result in a design-build contract at the target contract price. The submission of this final proposal is anticipated in November 2008.

The final price proposal will consist of a lump sum price for the project's design-build delivery, a design completion allowance that will be established by the County as described below, and lump sum pricing for any scope alternates requested by the County.

The design completion allowance is a contingency amount included within the agreement that totals \$9.4 million and is intended to facilitate the resolution of issues identified during the design phase in the County's criteria documents, respond to changes required by the Office of Statewide Health Planning and Development and other jurisdictional agencies, or address unforeseen conditions that are identified during design.

The inclusion of the design completion allowance will facilitate the design decision process and minimize potential delays that could occur while design phase issues are being resolved. The design-build entities use of this allowance will be strictly controlled by the County, requiring prior written County authorization by Department of Public Works (Public Works) and the Chief Executive Office. Utilization of the design completion allowance will be reported to your Board on a quarterly basis. Any funds remaining in the design completion allowance upon completion of the design phase will be reallocated to the project contingency fund.

### **Request for Proposal Scoring and Ranking**

Each proposal will be scored and ranked, based on the requirements as outlined below, by an evaluation committee comprised of County employees from Public Works, Department of Health Services (Health Services), and the Chief Executive Office.

The County Evaluation Committee will rank proposals based on scoring the proposals in the eight criteria categories listed below, the first five of which are required by the legislation. Explicit scoring criteria are incorporated in the RFP as follows: technical

design and construction expertise, life cycle cost analysis at 20 years, skilled labor force availability, safety record, price, design-build team personnel and organization, delivery plan, and target price solutions. The proposal scoring the highest number of points will be determined to be the best value proposal, and lower scoring proposals will be ranked in corresponding sequential order.

The enabling legislation allows the County to negotiate project terms with the best value proposer. Upon determination of the best value proposal by the County Evaluation Committee, the contract price, inclusive of the design completion allowance, will be established at a negotiated not-to-exceed lump sum price, inclusive of any scope alternates accepted by the County. Following these negotiations, we will return to your Board with a recommendation regarding award of a design-build agreement that is anticipated to be in February 2009.

### **Design-Build Proposal Stipend**

Under the design-build process, after the ranking of the final proposals is complete and Public Works has either determined that it will issue a request for Best and Final Offer (BAFO), or a Notice of Identification of best value proposal has been issued, the County has the opportunity to use all aspects of all submitted proposals that are determined to be responsive and qualifying. The design-build industry-wide practice allows the County to incorporate another proposer's ideas and solutions by paying a stipend. A stipend constitutes payment by the County for the right to use the information and ideas contained in the proposals.

Based on discussions with the design-build community, including other project owners and the Design Build Institute of America, the proposed stipend for this project has been set at an amount of \$125,000 to be paid to each qualifying proposer that is not selected for contract award. This amount may be increased by as much as \$25,000 each if Public Works elects to request a BAFO. It is recommended that your Board authorize the Acting Director of Public Works or his designee to enter into consultant services agreements with the responsive and qualifying proposers in order to award these stipends.

The proposer receiving the award of contract shall not be entitled to a stipend. However, should the County decide not to award the contract, every responsive, qualifying proposer shall be awarded a stipend.

### **Best and Final Offer – If Necessary**

In the event that all price proposals exceed the County's established target contract price, the County may elect to issue a request for BAFO. A BAFO is the final opportunity for the County and each proposer to develop a project that meets the

County's needs within or near the target contract price. Development of a BAFO allows the County to re-visit the design and performance criteria and the scope it had previously established, and if necessary, modify some of those criteria and/or the scope with the objective of obtaining proposals from the design-builders that are within or near the target contract price. The request for BAFO, issued to the proposers, would include the re-established project criteria and/or scope that the County would be willing to accept. Based upon this request, the proposers would submit BAFO proposals that would be evaluated and scored. The BAFO proposal would consist of two components, technical proposal and price proposal, and each proposal would be evaluated similarly to the original proposal.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we provide Service Excellence (Goal 1), Fiscal Responsibility (Goal 4), and Children and Families' Well-Being (Goal 5) by investing in public health infrastructure and improving access to surgery and emergency services in the southern and western areas of the County. Completion of this project will provide much needed improvements to the facility for the residents of the County.

### **FISCAL IMPACT/FINANCING**

The S/E Replacement project remains within the total project budget of \$344.1 million previously authorized by your Board in October 2007.

Annual debt service requirements over a 30-year term are currently estimated at \$13.8 million each year, commencing in Fiscal Year 2012-13. Based upon the financing projections provided by the Chief Executive Office in November 2006, Health Services and the Chief Executive Office concur that Health Services will be able to absorb the associated annual debt service payments while remaining within the Board-approved project budget of \$344.1 million.

It is anticipated that the project will be financed initially through the issuance of tax-exempt commercial paper and ultimately the issuance of long-term, tax-exempt bonds.

### **Operating Budget Impact**

Based upon current salary and employee benefit rates, Health Services currently estimates that annual ongoing operating costs will increase to approximately \$3.3 million to operate and maintain the S/E Replacement Project.

Based on the S/E Replacement project's current schedule, one-time and ongoing operating costs would be incurred beginning in Fiscal Year 2011-12. The Chief

Executive Office will work with Health Services to review the operating cost estimates and determine the appropriate operating requirements and available funding. Although Health Services is restructuring its programming to address its budget gap and mitigate the need for program and services curtailments in future years, Health Services has placed a high priority on this project and will include these additional operating costs in its forecast.

Further, upon completion of the S/E Replacement Project, Health Services anticipates additional one-time startup costs for medical equipment, telecommunication equipment and furniture, which would be funded separately from the project budget. Health Services is working closely with Public Works and its consultants to identify needs and analyze options utilizing reuse, leasing, and new purchasing.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Public Works, in consultation with County Counsel, has prepared a specific design-build contract to be used for this design-build project. County Counsel has reviewed and approved the RFP and contract as to form. Addenda to the RFP may be issued in response to written questions submitted to the County or should any modification of the RFP be necessary as determined by the County.

This RFP and contract contain terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: County's Greater Avenues for Independence and General Relief Opportunities for Work Programs (GAIN/GROW), Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; and the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and the standard Board-directed clauses that provide for contract termination or renegotiation.

### **ENVIRONMENTAL DOCUMENTATION**

On April 11, 2006, your Board approved a Mitigated Negative Declaration for the S/E Replacement project. On June 17, 2008, your Board approved an increase in the environmental consultant's scope of work to include an addendum for the electrical substation and expansion of the emergency generator. We will return to your Board for approval of the addendum prior to the award of the design-build contract.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The project is being implemented in phases in order to reduce disruption to hospital operations. Construction of the interim helistop and other site preparation activities is underway and will reroute, relocate, or replace existing facilities to prepare for construction of the S/E Replacement project. The project specifications require the design-builder to coordinate their construction schedule to minimize disruption of the activities of the hospital that will remain fully operational during these construction activities. Extensive coordination planning has been performed with the hospital staff to identify and implement measures to mitigate potential construction conflicts and minimize impacts on hospital operations and patient care.

**CONCLUSION**

We have reviewed these recommendations with the Project Advisory Committee.

Please return an adopted, stamped copy of this letter to the Chief Executive Office (Capital Projects Division), Public Works (Project Management Division I), and Health Services.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:DDE:DL  
JSE:DJT:DKM:zu

Attachments

c: County Counsel  
Department of Health Services  
Department of Public Social Services (GAIN/GROW Program)  
Department of Public Works  
Office of Affirmative Action Compliance

August 19, 2008

**ATTACHMENT A**

**DEPARTMENT OF PUBLIC WORKS:  
HARBOR-UCLA MEDICAL CENTER  
SURGERY/EMERGENCY REPLACEMENT PROJECT  
AUTHORIZE REQUEST FOR PROPOSALS  
SPECS. 5110 AND 6779; C.P. 69220**

**I. PROJECT SCHEDULE**

<b>Project Activity</b>	<b>Board-Approved Schedule Completion Date</b>
Environmental Documents	04/11/06*
<u>Make-Ready</u> Jurisdictional Approvals Construction Award Construction Start Substantial Completion	06/12/06* 10/18/06* 10/19/06* 09/22/08
<u>Surgery/Emergency Building</u> Jurisdictional Approvals Contract Award Construction Start Substantial Completion	by design-builder** 02/10/09 by design-builder** 05/19/12
<u>Backfill</u> Jurisdictional Approvals Construction Award Construction Start Substantial Completion	TBD TBD TBD TBD

\* Indicates actual date

\*\*The design-builder will identify schedule for jurisdictional approvals and construction start date in the Request for Proposal submitted.



## II. PROJECT BUDGET SUMMARY

Project Activity	Approved Project Budget	Impact of Action	Proposed Budget
Land Acquisition	\$ 0	\$ 0	\$ 0
Construction			
Low Bid Construction Contract	\$ 2,321,654	\$ 0	\$ 2,321,654
Design-Build Contract	173,007,000	8,993,000	182,000,000
Job Order Contract	22,452,000	0	22,452,000
Purchase Order Contract	3,500,000	0	3,500,000
Southern California Edison Contract	7,975,000	0	7,975,000
Change Orders Total	29,045,456	(9,443,000)	19,602,456
Design Completion Contingency	0	0	0
Construction Change Orders	0	0	0
Departmental Crafts	0	0	0
Youth Employment	0	0	0
Construction Consultants	0	0	0
Misc. Expense (Design-Build Stipends)	0	450,000	450,000
Telecomm Equip – Affixed to Building	2,100,000	0	2,100,000
Medical Equipment	34,572,000	0	34,572,000
Civic Arts	0	0	0
Subtotal	\$274,973,110	\$ 0	\$274,973,110
Programming/Development	\$ 0	\$ 0	\$ 0
Plans and Specs	\$ 16,040,000	\$ 0	\$ 16,040,000
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	490,000	0	490,000
Geotech/Soils Report and Soils Testing	1,127,000	0	1,127,000
Material Testing	4,202,000	0	4,202,000
Cost Estimating	2,870,000	0	2,870,000
Topographic Surveys	150,000	0	150,000
Construction Management	16,947,000	0	16,947,000
Construction Administration	0	0	0
Environmental	600,000	0	600,000
Move Management	267,000	0	267,000
Equipment Planning	975,000	0	975,000
Legal	2,109,000	0	2,109,000
Construction/Change Order	0	0	0
Other: Document Management	2,641,000	0	2,641,000
Other: Commissioning	2,094,000	0	2,094,000
Subtotal	\$ 34,472,000	\$ 0	\$ 34,472,000
Miscellaneous Expenditures	\$ 282,000	\$ 0	\$ 282,000

## II. PROJECT BUDGET SUMMARY

Project Activity	Approved Project Budget	Impact of Action	Proposed Budget
Jurisdictional Review/Plan Check/Permit	\$ 4,157,000	\$ 0	\$ 4,157,000
County Services			
Code Compliance Inspection	\$ 3,305,175	\$ 0	\$ 3,305,175
Quality Control Inspection	2,857,525	0	2,857,525
Design Review	150,000	0	150,000
Design Services	100,000	0	100,000
Contract Administration	636,015	0	636,015
Project Management	3,891,608	0	3,891,608
Project Management Support Services	509,000	0	509,000
ISD Job Order Contract Management	462,409	0	462,409
DPW Job Order Contract Management	673,000	0	673,000
ISD ITS Communications	500,000	0	500,000
Project Security	0	0	0
Project Technical Support	581,268	0	581,268
Office of Affirmative Action	384,890	0	384,890
County Counsel	0	0	0
Other: DPW Land Development	50,000	0	50,000
Other: DPW Traffic & Lighting	45,000	0	45,000
Other: DPW Design Division	10,000	0	10,000
Other: DPW Construction Division	10,000	0	10,000
Other: DPW Flood Maintenance Division	10,000	0	10,000
Sheriff Job Order Contract Management	0	0	0
Subtotal	\$ 14,175,890	\$ 0	\$ 14,175,890
<b>TOTAL</b>	<b>\$344,100,000</b>	<b>\$ 0</b>	<b>\$344,100,000</b>

August 19, 2008

**ATTACHMENT B**

**DEPARTMENT OF PUBLIC WORKS:  
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**REQUEST FOR PROPOSALS**